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May 21, 2001

By Hand

David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

IN RE: *Joint Petition of TEC Companies and Consumer Advocate Division for Approval of Earnings Review Settlement*

Docket No. 99-00995

Dear Mr. Waddell:

AT&T hereby provides additional information as requested by the Tennessee Regulatory Authority ("TRA") on May 11, 2001 regarding the above-referenced application as follows:

1. Does AT&T contest the amount of over-earnings for 1999-2001 agreed upon by the TEC Companies and the Consumer Advocate Division (CAD) as referenced in the settlement filed with the Authority on December 30, 1999?

RESPONSE: AT&T has not been provided sufficient information to evaluate or contest the amount of over-earnings for 1999-2001 agreed upon by the TEC Companies and the CAD in their settlement. AT&T has accepted that amount for settlement purposes and can offer no opinion whether such amount is accurate or appropriate.

2. If the rate design implemented in this docket leads to a decrease in the amount of access costs that AT&T pays to the TEC Companies, does AT&T have any plans to flow through such access rate reductions to its residential and business customers?

RESPONSE: AT&T has reduced and will continue to reduce rates in response to competitive conditions in Tennessee. These reductions include responses to cost control measures and access reductions, such as the one proposed by the TEC Companies. However, AT&T tariff changes in Tennessee may or may not coincide with any particular TEC Companies access reduction.

3. If the response to item no. 2, above, is in the affirmative, provide a detailed description of AT&T's plans to flow through the access rate reductions to retail customers, including the specific rates and rate plans to be adjusted.

RESPONSE: As indicated in AT&T's response to Item No. 2, AT&T will continue to reduce long distance rates in response to competitive conditions. However, AT&T tariff changes may or may not coincide with any particular or specific TEC Companies access reduction. Moreover, not knowing the extent of the TEC Companies' access reductions, it is difficult to provide a detailed description of any plans to change rates.

If you have questions, please call me.

Sincerely,



Jim Lamoureux

*by permission
BA.*

cc: Parties of Record